

**CITY OF CLARKSBURG, TENNESSEE
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

CITY OF CLARKSBURG, TENNESSEE
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

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INTRODUCTORY SECTION

**CITY OF CLARKSBURG, TENNESSEE
CITY OFFICIALS
JUNE 30, 2019**

ELECTED OFFICIALS

Howell Todd	Mayor
Judy Smith	Alderman
Barbara McClure	Alderman

Appointed Official

Leigh Grice, CMFO	City Recorder
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FINANCIAL SECTION

The MG Group, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and Board of Aldermen
City of Clarksburg, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clarksburg, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Clarksburg, Tennessee's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

515 NW Atlantic Street, Tullahoma, Tennessee 37388

16053 Rankin Avenue, Dunlap, Tennessee 37327

Phone (931) 393-3307 Fax (931) 563-5585

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clarksburg, Tennessee as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clarksburg, Tennessee's basic financial statements. The introductory section, schedule of expenditures of federal awards and state financial assistance, the other information section, and management's corrective action plan are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, other information section, and management's corrective action plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 04, 2019 on our consideration of the City of Clarksburg, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Clarksburg, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Clarksburg, Tennessee's internal control over financial reporting and compliance.

MG Group, P.C.

Tullahoma, Tennessee
December 04, 2019

City of Clarksburg, Tennessee
Management's Discussion and Analysis
June 30, 2019

As management of the City of Clarksburg, Tennessee (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

Financial Highlights:

- The assets of the City of Clarksburg exceeded its liabilities at the close of the most recent year by \$2,586,708. Of this amount, \$299,493 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of Clarksburg received a GHSO Police Grant from the Tennessee Department of Safety and Homeland Security for \$615.
- The City of Clarksburg received a grant from the Tennessee Department of Transportation for Safe Routes to Schools. \$4,200 was received in the current fiscal year.
- As of the close of the current fiscal year, fund balance for the General Fund was \$279,549 or 1.01% of total general fund expenditures.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$285,189.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the City of Clarksburg's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type

City of Clarksburg, Tennessee
Management's Discussion and Analysis
June 30, 2019

activities). The governmental activities of the City of Clarksburg include general government, public works, public safety, and parks and recreation. The business-type activity of the City is Wastewater services.

Fund Financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Clarksburg, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are funds used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may be better to understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances of both funds.

The City adopts an annual appropriated budget for its General Fund and Drug Fund. The City's Charter necessitates re-appropriations of the budget only when the entire fund expenditures are expected to exceed budgeted amounts. A budgetary comparison statement has been provided for the General Fund and Drug Fund to demonstrate compliance with the appropriations.

City of Clarksburg, Tennessee
Management's Discussion and Analysis
June 30, 2019

Proprietary Funds – The City maintains one type of proprietary fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for wastewater operations.

Enterprise Funds- The City uses enterprise fund accounting to account for its wastewater services.

Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis of the Financial Statements

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Clarksburg, assets exceeded liabilities by \$2,586,708 at the close of this fiscal year, compared to \$2,620,386 at the close of the prior fiscal year.

By far the largest portion of the City's net position (88%), reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Clarksburg, Tennessee's net position (less than 1%) represents the resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Clarksburg, Tennessee is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for the City's separate governmental and business-type activities.

City of Clarksburg, Tennessee
Management's Discussion and Analysis
June 30, 2019

City of Clarksburg, Tennessee - Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Current assets	\$ 285,189	\$ 306,380	\$ 19,944	\$ 17,987
Capital assets, net	328,485	327,937	2,268,951	2,324,098
Total assets	613,674	634,317	2,288,895	2,342,085
Current and Other Liabilities	-	4,842	35,980	35,312
Long-Term Liabilities	-	-	27,881	315,861
Total Liabilities	-	4,842	63,861	351,173
Net Investment in Capital Assets	328,485	327,937	1,953,090	1,972,924
Restricted	5,640	5,965	-	-
Unrestricted	279,549	295,573	19,944	17,987
Total Net Position	613,674	629,475	1,973,034	1,990,911

Changes in net position. Governmental activities decreased the City's net position by \$15,801. Business-type activities net position decreased by \$17,877.

**City of Clarksburg, Tennessee
Management's Discussion and Analysis
June 30, 2019**

City of Clarksburg, Tennessee – Condensed Statement of Changes in Fund Balances

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Revenues				
Program Revenues:				
Charges for services	\$ 500	\$ 3,545	\$ 80,571	\$ 69,705
Operating grants	-	4,945	-	-
Capital grants	19,532	30,378	-	167,409
General Revenues:				
Local taxes	84,471	82,507	-	-
Intergovernmental	47,864	56,853	-	-
Court fines	98,597	184,688	-	-
Other revenues	9,144	13,831	-	-
Total revenues	260,108	376,747	80,571	237,114
Program Expenses				
General government	109,051	175,936	-	-
Public safety	96,553	125,638	-	-
Highways	30,256	41,929	-	-
Street lights	17,357	67,225	-	-
Parks and Recreation	8,241	-	-	-
Wastewater	-	-	113,448	101,236
Transfers	15,000	-	(15,000)	-
Total expenses	276,458	410,728	98,448	101,236
Change in fund balances	(16,350)	(33,981)	(17,877)	135,878
Fund balance - beginning	301,538	335,519	1,990,911	1,855,033
Fund balance - ending	285,188	301,538	1,973,034	1,990,911

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Clarksburg's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

City of Clarksburg, Tennessee
Management’s Discussion and Analysis
June 30, 2019

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$285,189, a decrease of \$16,349 in comparison with the prior year. Approximately \$279,549 (98%) of this balance is unassigned. This amount is available for spending at the government’s discretion. The remainder of the fund balance is nonspendable, committed or assigned for specific purposes, as in the \$5,640 restricted for Drug Fund.

Proprietary funds

The City’s proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted Net Assets balance at the end of the year for the Wastewater Fund was \$19,944.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Clarksburg, Tennessee’s business-type activities.

Capital Assets

The City of Clarksburg’s investment in capital assets balance from its governmental and business-type activities at June 30, 2019, was \$2,281,575. This investment in capital assets includes land, buildings and system improvement, machinery and equipment, park facilities, roads, highways, and wastewater treatment plant.

City of Clarksburg, Tennessee Capital Assets

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Land	\$ 111,392	\$ 111,392	\$ -	\$ -
Construction in progress	1,851	-	-	-
Buildings	124,362	124,362	-	-
Improvements	124,095	124,095	-	-
Machinery and equipment	254,988	250,450	2,757,341	2,757,341
Infrastructure	435,899	406,799	-	-
Less: accumulated depreciation	(724,102)	(689,161)	(488,390)	(433,243)
Net capital assets	328,485	327,937	2,268,951	2,324,098

Additional information on the City of Clarksburg’s capital assets can be found in the notes to the financial statements section of this report.

City of Clarksburg, Tennessee
Management's Discussion and Analysis
June 30, 2019

Long-term Debt

At the end of the current year, the City of Clarksburg had debt outstanding of \$315,861. Of this amount, \$35,980 is due in the next fiscal year.

The City of Clarksburg's total debt is confined to the Wastewater Fund and shows a decrease of \$35,312. The bonded debt is secured solely by specified revenue sources (i.e. revenue bonds).

Additional information on the City of Clarksburg's debt can be found in the notes to the financial statements section of this report.

Requests for Information

This financial report is designed to provide a general overview of the City of Clarksburg, Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Recorder, PO Box 117, Clarksburg, TN 38324.

City of Clarksburg, Tennessee
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 275,766	\$ 13,561	\$ 289,327
Receivables:			
Intergovernmental	9,407	-	9,407
Customer and other, net	16	6,383	6,399
Capital assets, not being depreciated	113,243	-	113,243
Capital assets, being depreciated, net	215,242	2,268,951	2,484,193
Total assets	<u>613,674</u>	<u>2,288,895</u>	<u>2,902,569</u>
Liabilities			
Noncurrent liabilities			
Due within one year	-	35,980	35,980
Due in more than one year	-	279,881	279,881
Total liabilities	<u>-</u>	<u>315,861</u>	<u>315,861</u>
Net Position			
Net investment in capital assets	328,485	1,953,090	2,281,575
Restricted for:			
Drug enforcement	5,640	-	5,640
Unrestricted	279,549	19,944	299,493
Total net position	<u>\$ 613,674</u>	<u>\$ 1,973,034</u>	<u>\$ 2,586,708</u>

See notes to the financial statements.

City of Clarksburg, Tennessee
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government:							
Governmental Activities:							
General government	\$ 109,098	\$ 500	\$ -	\$ 4,200	\$ (104,398)	\$ -	\$ (104,398)
Public safety	107,289	-	-	-	(107,289)	-	(107,289)
Highways and streets	29,574	-	-	615	(28,959)	-	(28,959)
Parks and recreation	14,948	-	15,332	-	384	-	384
Total governmental activities	\$ 260,909	500	15,332	4,815	(240,262)	-	(135,864)
Business-type activities:							
Wastewater	113,448	80,571	-	-	-	(32,877)	(32,877)
Total business-type activities	113,448	80,571	-	-	-	(32,877)	(32,877)
Total Primary Government	\$ 374,357	\$ 81,071	\$ 15,332	\$ 4,815	(240,262)	(32,877)	(168,741)
General revenues:							
Sales tax					77,112	-	77,112
Alcoholic beverage tax					7,359	-	7,359
Intergovernmental revenues:							
In lieu of tax					4,654	-	4,654
State income tax					775	-	775
State sales tax					27,308	-	27,308
State motor fuel tax					13,731	-	13,731
Other state revenues					781	-	781
Court fines					98,597	-	98,597
Investment income					547	-	547
Insurance proceeds					1,923	-	1,923
Miscellaneous					6,674	-	6,674
Transfers					(15,000)	15,000	-
Total general revenues and transfers					224,461	15,000	239,461
Change in net position					(15,801)	(17,877)	(33,678)
Net position - beginning					629,475	1,990,911	2,620,386
Net position - ending					\$ 613,674	\$ 1,973,034	\$ 2,586,708

See notes to the financial statements.

City of Clarksburg, Tennessee
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Drug Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 270,802	\$ 4,964	\$ 275,766
Receivables, net	9,423	-	9,423
Due from (due to) other funds	(676)	676	-
Total assets	\$ 279,549	\$ 5,640	\$ 285,189
Liabilities			
Total liabilities	\$ -	\$ -	\$ -
Fund Balances			
Restricted	-	5,640	5,640
Unassigned	279,549	-	279,549
Total fund balances	279,549	5,640	285,189
Total liabilities and fund balances	\$ 279,549	\$ 5,640	\$ 285,189

See notes to the financial statements.

City of Clarksburg, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2019

Total fund balances, governmental funds	\$ 285,189
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>328,485</u>
Net position of governmental funds	<u><u>\$ 613,674</u></u>

See notes to the financial statements.

City of Clarksburg, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Drug Fund	Total Governmental Funds
Revenues			
Taxes	\$ 84,471	\$ -	\$ 84,471
Intergovernmental revenue	47,864	-	47,864
Fines and forfeitures	98,454	143	98,597
Charges for services	500	-	500
Investment income	530	17	547
Miscellaneous revenues	6,624	50	6,674
	<u>238,443</u>	<u>210</u>	<u>238,653</u>
Expenditures			
Current:			
General government	109,051	-	109,051
Public safety	96,553	-	96,553
Highways and streets	30,256	-	30,256
Street lighting	17,357	-	17,357
Parks and recreation	8,241	-	8,241
Total expenditures	<u>261,458</u>	<u>-</u>	<u>261,458</u>
Excess (deficiency) of revenues over (under) expenditures	(23,015)	210	(22,805)
Other Financing Sources (Uses)			
Contributions and grants	19,532	-	19,532
Transfers (out)	(15,000)	-	(15,000)
Insurance proceeds	1,923	-	1,923
Total other financing sources and uses	<u>6,455</u>	<u>-</u>	<u>6,455</u>
Net change in fund balances	(16,560)	210	(16,350)
Fund balances - beginning	296,109	5,430	301,539
Fund balances - ending	<u>\$ 279,549</u>	<u>\$ 5,640</u>	<u>\$ 285,189</u>

See notes to the financial statements.

City of Clarksburg, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2019

Net change in fund balance - total governmental funds	\$ (16,350)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period, net loss on disposal.

Capital outlay	35,490
Depreciation	(34,941)
Change in net position of governmental activities	\$ (15,801)

See notes to the financial statements.

City of Clarksburg, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2019

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local Taxes:				
Sales Tax	\$ 80,000	\$ 85,345	\$ 77,112	\$ (8,233)
Alcoholic beverage tax	5,000	7,800	7,359	(441)
Court fines	140,400	115,000	98,454	(16,546)
Intergovernmental Revenue:				
State sales tax	40,000	38,000	27,308	(10,692)
Gas and motor fuel tax	13,235	14,750	13,731	(1,019)
State petroleum special tax	800	845	781	(64)
State income tax	2,400	1,010	775	(235)
In lieu of tax	3,000	2,896	4,654	1,758
Governor's Highway Safety program	5,000	-	615	615
Charges for services	-	-	500	500
Other Revenue:				
Rental income	4,000	4,350	3,785	(565)
Investment income	200	220	530	310
Miscellaneous revenues	12,500	2,350	2,839	489
Total revenues	<u>306,535</u>	<u>272,566</u>	<u>238,443</u>	<u>(34,123)</u>
Expenditures				
Current:				
General Government				
Salaries, taxes and benefits	44,896	38,250	37,683	567
Repairs and maintenance	3,250	3,250	2,881	369
Supplies	3,000	3,300	3,621	(321)
Utilities	6,000	6,350	5,683	667
Other operating expenses	51,195	49,020	46,369	2,651
Donations	8,000	8,000	6,139	1,861
Capital Outlay (SRTS grant)	39,145	6,200	6,675	(475)
	<u>155,486</u>	<u>114,370</u>	<u>109,051</u>	<u>5,319</u>
Public Safety - Police:				
Salaries, taxes and benefits	95,404	68,680	66,549	2,131
Repairs and maintenance	5,000	5,000	4,964	36
Supplies	10,000	10,600	8,965	1,635
Other operating expenses	24,861	16,195	14,999	1,196
Capital outlay	5,000	2,500	1,076	1,424
	<u>140,265</u>	<u>102,975</u>	<u>96,553</u>	<u>6,422</u>
Highways, Streets and Roadways - Non SSA				
Supplies	-	29,143	30,256	(1,113)
	<u>-</u>	<u>29,143</u>	<u>30,256</u>	<u>(1,113)</u>
State Street Aid				
Street lighting and repairs	25,000	17,357	17,357	-
	<u>25,000</u>	<u>17,357</u>	<u>17,357</u>	<u>-</u>

See notes to the financial statements.

City of Clarksburg, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2019

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Parks and Recreation				
Repairs and maintenance	6,500	3,600	3,790	(190)
Utilities	1,500	1,650	1,463	187
Other operating expenses	700	32	609	(577)
Capital outlay	-	1,851	2,379	(528)
	<u>8,700</u>	<u>7,133</u>	<u>8,241</u>	<u>(1,108)</u>
Total expenditures	<u>329,451</u>	<u>270,978</u>	<u>261,458</u>	<u>9,520</u>
Excess (deficiency) of revenues over (under) expenditures	(22,916)	1,588	(23,015)	(24,603)
Other Financing Sources (Uses)				
Grants	39,145	7,700	4,200	(3,500)
Donations and contributions	600	15,332	15,332	-
Transfers in (out)	-	(15,000)	(15,000)	-
Insurance recoveries	-	1,923	1,923	-
Total other financing sources and uses	<u>39,745</u>	<u>9,955</u>	<u>6,455</u>	<u>(3,500)</u>
Net change in fund balances	<u>\$ 16,829</u>	<u>\$ 11,543</u>	(16,560)	<u>\$ (28,103)</u>
Fund balances - beginning			<u>296,109</u>	
Fund balances - ending			<u>\$ 279,549</u>	

See notes to the financial statements.

City of Clarksburg, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Drug Fund
For the Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Drug related fines	\$ 2,000	\$ 295	\$ 143	(152)
Investment earnings	15	15	17	2
Miscellaneous income	-	-	50	50
Total revenues	<u>2,015</u>	<u>310</u>	<u>210</u>	<u>(100)</u>
Expenditures				
Drug Investigation and Control:				
Supplies	<u>2,000</u>	-	-	-
Total expenditures	<u>2,000</u>	-	-	-
Excess of revenues over expenditures	15	310	210	(100)
Net change in fund balances	<u><u>\$ 15</u></u>	<u><u>\$ 310</u></u>	210	<u><u>\$ (100)</u></u>
Fund balances - beginning			<u>5,430</u>	
Fund balances - ending			<u><u>\$ 5,640</u></u>	

See notes to the financial statements.

City of Clarksburg, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2019

	Wastewater Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 13,561
Receivables, customers, at net	6,383
Total current assets	19,944
Noncurrent assets:	
Capital assets, being depreciated	2,757,341
Less accumulated depreciation	(488,390)
Total noncurrent assets	2,268,951
Total assets	2,288,895
 Liabilities	
Current liabilities:	
Current portion of notes payable	35,980
Total current liabilities	35,980
 Noncurrent liabilities:	
Notes payable, net of current portion	279,881
Total noncurrent liabilities	279,881
Total liabilities	315,861
 Net Position	
Net investment in capital assets	1,953,090
Unrestricted	19,944
Total net position	\$ 1,973,034

See notes to the financial statements.

City of Clarksburg, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2019

	Wastewater Fund
Operating Revenues:	
Sewer service fee	\$ 80,571
Total operating revenues	<u>80,571</u>
Operating Expenses:	
Utilities	39,953
Repairs and maintenance	7,861
Administration	3,656
Depreciation	55,147
Total operating expenses	<u>106,617</u>
(Loss) from operations	<u>(26,046)</u>
Nonoperating Revenues (Expenses)	
Interest	<u>(6,831)</u>
Total nonoperating revenues (expenses)	<u>(6,831)</u>
(Loss) before contributions and transfers	(32,877)
Transfers in	<u>15,000</u>
Change in Net Position	(17,877)
Net Position - beginning	<u>1,990,911</u>
Net Position - end	<u><u>\$ 1,973,034</u></u>

See notes to the financial statements.

City of Clarksburg, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2019

**Wastewater
Fund**

Cash flows from operating activities:	
Receipts from customers	\$ 80,571
Payments to suppliers	(52,101)
Net cash from operating activities	28,470
Cash flows from noncapital financing activities:	
Transfer from othe funds	15,000
Net cash from noncapital financing activities	15,000
Cash flows used for capital and related financing activities:	
Principal paid on capital debt	(35,312)
Interest paid on capital debt	(6,831)
Net cash from used for capital and related financing activities	(42,143)
Net increase in cash and cash equivalents	1,327
Cash and cash equivalents - beginning	12,234
Cash and cash equivalents - end	\$ 13,561
Reconciliation of operating income to net cash from operating activities:	
Operating loss	\$ (26,046)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation	55,147
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	(631)
Net cash from operating activities	\$ 28,470

See notes to the financial statements.

CITY OF CLARKSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Clarksburg was incorporated in 1968. The City operates under a mayor-aldermen form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, culture/recreation, public improvements, planning and zoning, sewer and general administrative services.

As required by generally accepted accounting principles, these financial statements present all funds which comprise the City. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in its own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization's board
- The City is able to impose its will on the organization
- The City has the potential to impose a financial benefit/burden on the City
- There is fiscal dependency by the City

Based on the aforementioned criteria, the City of Clarksburg has no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government. For the most part, the effect of the inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF CLARKBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this period, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Gross receipt taxes, sales taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary fund:

The Wastewater Fund accounts for activities associated with the sewage treatment plant, sewage pumping stations and collection system.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's utility division and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the sewer fund are charges for sales to customers for sales and services. The Wastewater fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF CLARKBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Assets, Liabilities, and Net Position/Fund Balance

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposits.

Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

Bad debts in the proprietary fund are recorded by the direct write-off method. The Wastewater Fund compiles a list of bad debts to be written off at year-end that is given to the Board for approval.

Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's life are not capitalized. Typically, purchases of less than \$250 are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as par to the capitalized value of the assets constructed.

Capital assets of the City are depreciated using the straight line method over the following useful lives:

Buildings	30 years	Vehicles	5 years
Improvements other than bldg	15 years	Machinery and equip	15 years
Furniture and fixtures	5 years	Utility plant	50 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applied to a future period (s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City had no deferred outflows as of June 30, 2019.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has no deferred inflows as of June 30, 2019.

Compensated Absences

Employees of the City of Clarksburg are entitled to paid vacation and paid sick days depending on job classification, length of service and other factors. The City has one full-time employee which meets the

CITY OF CLARKBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

eligibility requirements and the City has elected not to report the estimated liability for compensated absences due to its immaterial amount.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

In the governmental fund financial statements, fund balances may be classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen by ordinance; reversed and amended by same action.

Assigned – amounts that are designated by the Board for a particular purpose but are not spendable until there is a majority vote approval by the Board.

Unassigned – all amounts in the general fund not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expense toward the restricted resources and then toward unrestricted resources. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications committed and then assigned fund balances before using unassigned fund balances.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds. The City's policy is to not allow expenditures to exceed budgetary amounts at the fund level without obtaining additional appropriation approval from the Board of Aldermen. This policy reflects the legal level of control at which expenditures may not exceed appropriations. For the year ended June 30, 2019, waste water expenditures were over budget, all other funds were under budget.

CITY OF CLARKBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE 3 – DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Cash included demand deposits and certificate of deposits. Custodial Credit Risk – The City’s policies limit deposits and investments to those instruments allowed by applicable state laws. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City’s agent in the City’s name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2019, all bank deposits were fully collateralized or insured.

Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 111,392	\$ -	\$ -	\$ 111,392
Construction in progress	-	1,851	-	1,851
	<u>111,392</u>	<u>1,851</u>	<u>-</u>	<u>113,243</u>
Capital assets, being depreciated				
Buildings	124,362	-	-	124,362
Improvements	124,095	-	-	124,095
Machinery and equipment	250,450	4,538	-	254,988
Infrastructure	406,799	29,100	-	435,899
Total capital assets being depreciated	<u>905,706</u>	<u>33,638</u>	<u>-</u>	<u>939,344</u>
Less: accumulated depreciation				
Buildings	91,944	4,058	-	96,003
Improvements	123,212	823	-	124,035
Machinery and equipment	170,524	19,000	-	189,523
Infrastructure	303,480	11,060	-	314,541
Total accumulated depreciation	<u>689,161</u>	<u>34,941</u>	<u>-</u>	<u>724,102</u>
Net capital assets being depreciated	216,545	(1,303)	-	215,242
Net capital assets	<u>\$ 327,937</u>	<u>\$ 548</u>	<u>\$ -</u>	<u>\$ 328,485</u>

CITY OF CLARKBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, being depreciated				
Plant in operation	\$ 2,757,341	\$ -	\$ -	\$ 2,757,341
Total capital assets being depreciated	<u>2,757,341</u>	<u>-</u>	<u>-</u>	<u>2,757,341</u>
Less: accumulated depreciation	<u>(433,243)</u>	<u>(55,147)</u>	<u>-</u>	<u>(488,390)</u>
Net capital assets being depreciated	<u>2,324,098</u>	<u>(55,147)</u>	<u>-</u>	<u>2,268,951</u>
Net capital assets	<u>\$ 2,324,098</u>	<u>\$ (55,147)</u>	<u>\$ -</u>	<u>\$ 2,268,951</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Primary Government- Governmental Activities

General government	\$ 4,058
Public safety	10,736
Streets	11,061
Parks and recreation	9,086
Total depreciation	<u>\$ 34,941</u>

Primary Government- Business-Type Activities:

Wastewater	\$ <u>55,147</u>
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Long-term Obligations

Business type activities:

The Wastewater Fund has three notes payable to the Tennessee State Revolving Fund. Payments on SRF 04-176 began in October 2005 for 240 months and were adjusted to \$2,007 per month starting in April 2007. The loan has an annual interest rate of 1.56% and a balance at June 30, 2019, of \$143,334.

Note SRF 07-199 was issued June 25, 2007, for \$118,000 to finance new construction. When the project was completed, the total amount drawn against the note was \$111,524. Beginning April 1, 2009, monthly payments of \$545 were set up to repay this amount plus interest at 1.65%. The note matures March 31, 2029. The balance outstanding as of June 30, 2019 was \$58,961.

During 2013, a third loan was executed in the amount of \$90,234. Note SRF-11-275 has an interest rate of 1.02% with monthly payments of \$416 beginning in April 2013 and maturing in March 2033. The balance outstanding as of June 30, 2019 was \$63,966.

CITY OF CLARKBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

During 2017, a loan was executed in the amount of \$57,000. The Sewer System Revenue and Tax Capital Outlay Note, Series 2017 has an interest rate of 4.95% with bi-annual interest payments and annual principal beginning in September 2017 and maturing March 2029. The balance outstanding as of June 30, 2019 was \$49,600.

Long-term debt activity for the year ended June 30, 2019 follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities					
State Revolving Loan SFR 04-176	\$ 164,994	\$ -	\$ 21,660	\$ 143,334	\$ 22,008
State Revolving Loan SRF 11-275	68,286	-	4,320	63,966	4,356
State Revolving Loan SRF 07-199	64,493	-	5,532	58,961	5,616
Capital Outlay Note-2017	53,400	-	3,800	49,600	4,000
Total	<u>\$ 351,173</u>	<u>\$ -</u>	<u>\$ 35,312</u>	<u>\$ 315,861</u>	<u>\$ 35,980</u>

Annual debt service requirements to maturity are as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 35,980	\$ 6,104	\$ 42,084
2021	36,572	5,414	41,986
2022	37,364	4,718	42,082
2023	38,056	4,008	42,064
2024	38,760	3,276	42,036
2025 to 2029	110,799	7,296	118,095
2030 to 2033	18,330	373	18,703
	<u>\$ 315,861</u>	<u>\$ 31,189</u>	<u>\$ 347,050</u>

NOTE 4. RISK MANAGEMENT

The City of Clarksburg is exposed to various risks related to general liability and workers' compensation. The City purchases commercial insurance through the Tennessee Municipal League Risk Management Pool, which is a public entity risk pool. The City pays an annual premium to this pool for it to be self-sustaining through membership premiums. This agency (TMLRMP) reinsures through commercial insurance companies for claims in excess of a specified amount for each insured event.

The City continues to carry commercial insurance for all other risks of loss including general liability, commercial property, and surety bonds. Settled claims for these losses have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF CLARKBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE 5. CONTINGENT LIABILITIES

As of the date of this report, no contingent liabilities exist for the City.

NOTE 6. SUBSEQUENT EVENTS

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the City through December 04, 2019 (the date the financial statements were available to be issued) and concluded that no events should be disclosed as a subsequent event.

**OTHER SUPPLEMENTARY
INFORMATION SECTION**

CITY OF CLARKSBURG, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
June 30, 2019

<u>Federal Grantor/pass-Through Grantor Program Title</u>	<u>Federal CFDA#</u>	<u>Project or Grant Number</u>	<u>Cash Disbursements</u>
U.S Department of Transportation			
Passed through Tennessee Department of Transportation Safe Routes to School	20.208	SRST-900(38)	\$ 4,613
TOTAL EXPENDITURES OF FEDERAL AWARDS			4,613
<u>State awards</u>			
Tennessee Department of Safety and Homeland Security			
Tennessee Highway Safety Office GHSO Police Grant	N/A	Z-18-THS-058	615
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			615
TOTAL FEDERAL AND STATE			\$ 5,228

NOTE A - Basis of Presentation:

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Clarksburg under programs of the federal government for the year ended June 30, 2019. Because the schedule presents only a selected portion of the activities of the City, it is not intended to and does not present the financial position or change in net assets of the City.

NOTE B - Summary of Significant Accounting Policies:

1. Expenditures reported on the schedule are presented on the accrual basis of accounting and are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - Outstanding Loans:

The City has outstanding loans of \$266,261 with EPA obtained through the State Revolving Loan Fund (SRLF)

See notes to the financial statements.

OTHER INFORMATION SECTION

City of Clarksburg, Tennessee
Schedule of Changes in Long-term Debt by Individual Issue
June 30, 2019

Description of Indebtedness	Original Amount Of Issue	Interest Rate	Last Maturity Date	Outstanding 7/1/2018	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2019
<u>Business Activities</u>							
<u>Capital Outlay Notes Payable</u>							
The Sewer System Revenue and Tax	\$ 57,000	4.95%	2029	\$ 53,400	\$ -	\$ 3,800	\$ 49,600
Total Capital Outlay Notes Payable				<u>\$ 53,400</u>	<u>\$ -</u>	<u>\$ 3,800</u>	<u>\$ 49,600</u>
<u>Other Loans Payable</u>							
State Wastewater Facility Revolving Loan SRF 04-176	\$ -	1.56%	2026	\$ 164,994	\$ -	\$ 21,660	\$ 143,334
State Wastewater Facility Revolving Loan SRF 11-275	\$ 90,234	1.02%	2033	68,286	-	4,320	63,966
State Wastewater Facility Revolving Loan SRF 07-199	\$ 118,000	1.65%	2029	64,493	-	5,532	58,961
Total Other Loans Payable				<u>\$ 297,773</u>	<u>\$ -</u>	<u>\$ 31,512</u>	<u>\$ 266,261</u>
Total Business Activities				<u>\$ 351,173</u>	<u>\$ -</u>	<u>\$ 35,312</u>	<u>\$ 315,861</u>

See independent auditor's report

CITY OF CLARKSBURG, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2019

Year Ending June 30	SRF 04-176		SRF 07-199		SRF 11-275		Tennessee Municipal Bond Fund		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 22,008	\$ 2,076	\$ 5,616	\$ 936	\$ 4,356	\$ 636	\$ 4,000	\$ 2,456	\$ 35,980	\$ 6,104
2021	22,356	1,728	5,712	840	4,404	588	4,100	2,258	36,572	5,414
2022	22,704	1,380	5,808	744	4,452	540	4,400	2,054	37,364	4,718
2023	23,064	1,020	5,904	648	4,488	504	4,600	1,836	38,056	4,008
2024	23,424	660	6,000	552	4,536	456	4,800	1,608	38,760	3,276
2025	23,784	300	6,108	444	4,584	408	5,000	1,372	39,476	2,524
2026	5,994	21	6,204	348	4,632	360	5,300	1,124	22,130	1,853
2027	-	-	6,312	240	4,680	312	5,500	862	16,492	1,414
2028	-	-	6,444	108	4,728	264	5,800	588	16,972	960
2029	-	-	4,853	27	4,776	216	6,100	302	15,729	545
2030	-	-	-	-	4,824	168	-	-	4,824	168
2031	-	-	-	-	4,872	120	-	-	4,872	120
2032	-	-	-	-	4,932	60	-	-	4,932	60
2033	-	-	-	-	3,702	25	-	-	3,702	25
	<u>\$ 143,334</u>	<u>\$ 7,185</u>	<u>\$ 58,961</u>	<u>\$ 4,887</u>	<u>\$ 63,966</u>	<u>\$ 4,657</u>	<u>\$ 49,600</u>	<u>\$ 14,460</u>	<u>\$ 315,861</u>	<u>\$ 31,189</u>

See independent auditor's report.

CITY OF CLARKSBURG, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS
JUNE 30, 2019

Sewer Rates

Residential and Commercial Rates

Minimum Bill	\$15.00 per month
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Usage:

Cost per 1,000 gal	\$11.00
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Institutional Rate (Clarksburg School)

Minimum Bill	\$15.00 per month
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Usage:

Cost per 1,000 gal	\$22.00
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Total Customers Billed-

83 sewer users

12 non sewer

**GOVERNMENT AUDITING
STANDARDS SECTION**

The MG Group, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor
and Board of Aldermen
City of Clarksburg, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clarksburg, Tennessee as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Clarksburg, Tennessee's basic financial statements, and have issued our report thereon dated December 04, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Clarksburg, Tennessee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Clarksburg, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Clarksburg, Tennessee's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Clarksburg, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance

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with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2019-001.

City of Clarksburg, Tennessee's Response to Findings

The City of Clarksburg, Tennessee's response to the finding identified in our audit is described in the accompanying schedule of findings and responses and in the accompanying management's corrective action plan. The City of Clarksburg, Tennessee's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MG Group, P.C.

Tullahoma, Tennessee
December 04, 2019

CITY OF CLARKSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2019

PART I. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Clarksville, Tennessee (the "City") were prepared in accordance with accounting principles generally accepted in the United States of America.
2. The audit of the financial statements of the City disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* as Finding 2019-001.
3. The audit of the financial statements of the City did not disclose any material weaknesses.

PART II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS

2019-001: General Fund Transfer to Wastewater Fund

Condition: The general fund made a transfer of \$15,000 to the wastewater fund in order to meet bond principal and interest payments. For the year ended June 30, 2019, the wastewater fund had a negative change in net position of \$17,877 after the transfer.

Criteria: Tennessee Code Annotated, Section 7-34-114 states in part:

(a) The governing body of a municipality issuing bonds pursuant to this chapter shall prescribe and collect reasonable rates, fees or charges for the services, facilities and commodities of such public works, and shall revise such rates, fees or charges, from time to time, whenever necessary so that such public works shall be and always remain self-supporting. The rates, fees or charges prescribed shall be such as will produce revenue at least sufficient to:

(1) Pay when due all bonds and interest on the bonds, for the payment of which such revenue is or shall have been pledged, charged or otherwise encumbered, including reserves for the payment of the bonds and interest; and

(2) Provide for all expenses of operation and maintenance of such public works, including reserves for the expenses and maintenance.

Cause: Rates currently charged do not generate sufficient revenues to meet debt service requirements.

CITY OF CLARKSBURG, TENNESSEE

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

June 30, 2019

Effect: Continued losses by the wastewater fund could result in action being taken by the Utility Review Boards in accordance with the guidelines in TCA Section 68-221-1010.

Recommendation: Wastewater customer rates should be increased to a level sufficient to meet the requirements outlined in TCA 7-34-114. In addition, a plan for repayment of the funds transferred from the City's general fund should be implemented in accordance with TCA Section 7-34-115.

Management's Response: We concur with this finding. See the attached corrective action plan.

City of Clarksburg, Tennessee
Summary Schedule of Prior Year Findings
June 30, 2019

Government Audit Standards require auditors to report the status of uncorrected findings for prior audits. In addition, OMB’s Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or uncorrected. Presented below are financial statement findings along with their status from the Financial Statements and Supplementary Information of the City of Clarksburg, for year ended June 30, 2018.

Prior-year Financial Statement Findings

Prior Year Finding Number	Title of Finding	Status/ Current Year Finding Number
2018-001	Expenditures in Excess of Appropriations (original finding #2017-003)	Corrected
2018-002	Appropriation of Funds for Nonprofit Organizations	Corrected
2018-003	Segregation of Duties (original finding #2017-001)	Corrected

CITY OF CLARKSBURG, TENNESSEE

Post Office Box 117
Clarksburg, Tennessee 38324

Management's Corrective Action Plan For the Fiscal Year Ended June 30, 2019

FINDINGS RELATING TO THE FINANCIAL STATEMENTS

2019-001: General Fund Transfer to Wastewater Fund

Recommendation: Wastewater customer rates should be increased to a level sufficient to meet the requirements outlined in TCA 7-34-114. In addition, a plan for repayment of the funds transferred from the City's general fund should be implemented in accordance with TCA Section 7-34-115.

Planned corrective action: The Mayor and Board of Aldermen have commissioned a rate study in order to set customer rates that will meet current and future operations of the Wastewater Fund. The transfer of funds is recognized as a solution to cash flows, and the City will memorialize and adopt a resolution to return funds with interest to the General Fund as cash flows in the Wastewater Fund permit.

Name of Contact Person: Howell Todd, Mayor, City of Clarksburg

Anticipated Completion Date: To be determined pending rate study and cash flows.

Howell Todd, Mayor

Howell Todd, Mayor